

Benefiting You

A reference booklet prepared by the
Indiana State Personnel Benefits Division
regarding benefits available
upon retirement or resignation

Indiana State Personnel Department
Benefits Division
402 W. Washington Street, Room W-161
Indianapolis, IN 46204

The Benefits Division of the State Personnel Department contracts for services to provide health, dental, vision and life insurance coverage for employees. As an employee of the State of Indiana you have the option of choosing to participate in one or more of those programs.

As an employee resigning or retiring from state service, there are certain benefit options available to you. Qualified retiring employees may choose to participate in the Early Retiree Insurance Program. COBRA, a federal law, allows resigning/retiring employees and qualified dependents to continue coverage for a specified time by paying 102% of the required premium. The State of Indiana also offers to qualified retirees the Retiree Flexible Spending Program and the Medicare Complementary Program.

The following will explain what happens to the benefits you have in place when you leave state service either by resignation or retirement.

Topics:

- I. Early Retiree Insurance Program**
- II. Consolidated Omnibus Reconciliation Act of 1985 (COBRA)**
- III. Medicare Complementary Program**
- IV. Life Insurance**
- V. Retiree Flexible Spending Account**
- VI. Information on how to apply for these programs**
- VII. Additional Coverage**

I. EARLY RETIREE INSURANCE PROGRAM, IC 5-10-8-8

The Early Retiree Insurance Program is available to retiring employees meeting all the requirements outlined below. A qualified retiring employee can choose to participate in this group plan by submitting an application provided by the State Personnel Department within 90 days after the date of his/her retirement. Qualified retirees may continue on this program until Medicare eligibility by paying 100% of the premiums for this coverage.

IC 5-10-8-8 states, in pertinent parts:

- “(a) This section applies only to the state and employees who are not covered by a plan established under section 6 of this chapter.
- (b) After June 30, 1986, the state shall provide a group health insurance plan to each retired employee:
- (1) whose retirement date is:
 - (A) after June 29, 1986, for a retired employee who was a member of the field examiners’ retirement fund;
 - (B) after May 31, 1986, for a retired employee who was a member of the Indiana state teachers’ retirement fund; or
 - (C) after June 30, 1986, for a retired employee not covered by clause (A) or (B);
 - (2) who will have reached fifty-five (55) years of age on or before the employee’s retirement date but who will not be eligible on that date for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq; and
 - (3) who
 - (A) for an employee who retires before January 2, 2007, will have completed
 - (i) twenty (20) years of creditable employment with a public employer on or before the employee’s retirement date, ten (10) years of which shall have been completed immediately preceding the retirement; and
 - (ii) at least fifteen (15) years of participation in the retirement plan of which the employee is a member on or before the employee’s retirement date; or
 - (B) for an employee who retires after December 31, 2006, will have completed fifteen (15) years of creditable employment with a public employer on or before the employee’s retirement date, ten (10) years of which shall have been completed immediately preceding retirement.
- (f) The group health insurance program required under subsections (b) through (e) and subsection (k) must be equal to that offered active employees. The retired employee may participate in the group health insurance program if the retired employee pays an amount equal to the employer’s and the employee’s premium for the group health insurance for an active employee and if the retired employee within ninety (90) days after the employee’s retirement date files a written request for insurance coverage with the employer.”
- (k) The state shall provide a group health insurance program to each retired employee:
- (1) who was employed as a teacher in a state institution under:
 - (A) IC 11-10-F;
 - (B) IC 12-24-3;
 - (C) IC 16-33-3;

- (D) IC 16-33-4;
- (E) IC 20-21-2-1; or
- (F) IC 20-22-2-1;
- (2) who is at least fifty-five (55) years of age on or before the employee's retirement date;
- (3) who is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and
- (4) who:
 - (A) has at least fifteen (15) years of service credit as a participant in the retirement fund of which the employee is a member on or before the employee's retirement date; or
 - (B) completes at least ten (10) years of service credit as a participant in the retirement fund of which the employee is a member immediately before the employee's retirement.

Coverage: A retiree who is eligible for this insurance program may continue the same coverage enrolled in at the time of retirement. The eligible retiree who is enrolled in a family plan may choose to continue coverage for the retiree's eligible spouse/dependents, **or** change levels from family to single; however, coverage levels **cannot** be increased from single to family until open enrollment. Early Retiree Insurance participants have the same open enrollment rights as active employees.

Early Retiree Insurance participants may choose to continue health, dental and/or vision coverage. There is a separate premium set for each plan (see rate sheet). It is important to note that if a retiree chooses not to continue one or more of the plans in place at the time of retirement (i.e., health, dental or vision), the coverage **will not be available to the retiree again**, not even during open enrollment periods. Life insurance coverage is not part of the Early Retiree Insurance program (see Part IV).

Continued Eligibility: A retiree participating in the Early Retiree Insurance Program may continue insurance coverage under this program until:

- The date the retiree becomes eligible for Medicare coverage as prescribed by 42 USC 1395 et seq.

The spouse of an Early Retiree Insurance participant may continue insurance coverage under this program until:

- The date the retiree or the spouse becomes eligible for Medicare coverage (COBRA will be offered to the spouse/dependent(s) if applicable);
- Two (2) years following the date of the retiree's death; **or**
- The date the spouse of the deceased retiree remarries.

Required Premium: 100% of the combined employer's and employee's premium for an active employee with single or family coverage. **This premium is subject to change during open enrollment periods.**

II. COBRA

The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) requires the State of Indiana to offer covered employees and eligible family members the opportunity for a temporary extension of health coverage at group rates when coverage under the health plan would otherwise end. You and your eligible dependents will receive a COBRA continuation offer for the health, dental and/or vision plans you are enrolled in at the time of resignation/retirement.

18-Month Eligibility: You may choose continuation coverage for yourself and your eligible dependents for up to 18 months if:

- Your employment is terminated, including retirement, or
- Your work hours are reduced, resulting in a loss of coverage.
- Your dependent(s) may be eligible for an extension (up to 36 months from the original COBRA effective date) if a second qualifying event (death, divorce, etc) occurs during the initial 18-month period. Contact your Agency's Benefits Coordinator for more information.

Extension: You or your eligible dependents may choose to extend the continuation coverage period for an additional eleven (11) months for a total of 29 months if:

- Social security determines you or your qualified dependent is disabled; and,
- you notify the carrier within 60 days of the determination date; and,
- if Social Security determines you or your qualified dependent were disabled at the time of the qualifying event; or,
- anytime during the first sixty (60) days of COBRA continuation.

36-Month Eligibility: Your spouse and eligible dependents may choose continuation of coverage for up to 36 months following:

- Your death,
- Divorce (you must provide notification),
- Your eligibility for Medicare while maintaining the COBRA continuation coverage,
- Ceasing to be an eligible dependent child.

Coverage may be discontinued prior to the maximum periods in the following circumstances:

- Premiums are not paid timely;
- You, your spouse, or your dependents become covered under another group health plan including Medicare. (Unless the group health plan contains an exclusion or limitation with respect to any pre-existing condition.)
- The spouse of the deceased former employee remarries or becomes covered under another group health plan.
- You cease to be disabled. You must notify the carrier within 30 days of Social Security's determination that the disability no longer exists. Coverage will terminate 30 days after the Social Security determination date.
- Also it is important to note that if you are participating in an HMO and you move out of their area of service, you must choose another plan that provides service in your area for continued coverage.

Premiums: 102% of the combined employer and employee premium for active employees. Premiums could be raised to 150% of the combined employer/employee premiums upon the extension of eleven (11) months of COBRA (see above: Extension).

III. MEDICARE COMPLEMENTARY PROGRAM

The State of Indiana extends the availability of the State of Indiana Medicare Complementary program to its retirees. To be eligible to participate in this program you must be at least age 65, receive Public Employees Retirement Fund or Teachers Retirement Fund pension benefits, be enrolled in Medicare Parts A and B, and not be covered through another similar insurance program. You may also be eligible to participate if you are receiving pension benefits and are enrolled in Medicare Parts A and B as a result of a disability.

Spouses of retired State of Indiana employees who are enrolled in Medicare Parts A and B may also be eligible for coverage.

Retirees may apply for this health coverage within thirty (30) days of the date they retire, or within thirty (30) days from the date they become eligible for Medicare. You must make written application to Anthem within 30 days of the event making you eligible.

The Medicare Complementary Program offers two choices: Option 1, which includes coverage for prescription drugs, and Option 2, which does not include prescription drug coverage.

Questions on the Medicare Complementary Program should be directed to Anthem at 1-877-814-9709.

IV. LIFE INSURANCE

Information is provided by American United Life Insurance Co., a OneAmerica company. For more information, call 1-800-673-3216.

Forms Included:

- Information for State of Indiana Employees Eligible for AUL's Group Term Life Insurance Conversion and Transfer of Coverage Options
- State of Indiana Application for Conversion Policy
- State of Indiana (Supplemental Life Only) Election to Transfer Coverage After Termination

V. RETIREE FLEXIBLE SPENDING PROGRAM

Upon retirement, employees may receive payment for up to two hundred twenty-five (225) hours of accrued but unused and uncompensated vacation leave.

The Retiree Flexible Spending Program (RFSP) extends compensation to include accrued but unused and uncompensated vacation leave in excess of the two hundred twenty five (225) vacation hours as well as sick and/or personal leave. Calculation of benefits under this program will be based on leave hours available after the employee's final paycheck has been calculated. The program permits eligible employees to receive a portion of accrued but unused and uncompensated leave.

The RFSP allows compensation of accrued but unused vacation in excess of two hundred and twenty five (225) hours plus sick and personal leave up to a maximum of \$5,000.00 if the established criteria are met. The procedure and required criteria are outlined in this material. Please refer to the Final Rule 31 IAC 4 for clarification and as the controlling authority.

Definition & Applicability: To qualify for this program, the individual must meet the criteria established for "eligible retiree":

- has at least ten (10) years of creditable service with state agencies;
- has accrued but unused and uncompensated vacation, sick, or personal leave after the employee's final paycheck has been calculated.

"Retire" means terminate state employment at a time when the eligible retiree is *entitled to begin receiving pension benefits from a public pension plan as a consequence of the retiree's state service.

*Please refer to the current handbook on retirement benefits published by the Public Employees' Retirement Fund or the Teachers' Retirement Fund.

"State agency" means an authority, board, branch, commission, committee, department, division, or other instrumentality of state government, but does not include:

- a state educational institution (as defined in IC 20-12-0.5-1);
- a state elected official's office; and
- the legislative and judicial branches of state government.

The eligible retiree must retire from a state agency as established by 31 IAC 4-2-1. The state agency must participate in the Taxsaver cafeteria benefits plan administered by the State Personnel Department (SPD) and offer the medical insurance plans procured by SPD as well.

In the first quarter of the calendar year succeeding the retirement date of the eligible retiree, if the necessary requirements are met, the State will issue the amount determined in 31 IAC 4-4 to be available for the eligible retiree.

Options Available: The eligible retiree will be issued a check by the State Personnel Department for the amount determined unless the retiree chooses to have funds deposited into a flexible spending account. The amount deposited into a flexible spending account on behalf of the eligible retiree is available for that calendar year only. The choices are:

1. Cash payment. (Due to administrative processes, checks will be issued in the first quarter of the year following retirement.)
2. Reimbursement for Early retiree medical insurance premiums. (Must meet Early Retiree Insurance Program requirements.)
3. Dependent care Flexible Spending Account.
4. Medical reimbursement Flexible Spending Account. (Note: This account will not reimburse insurance or COBRA premiums.)

NOTE:

- *Monies due to the retiree as a benefit of this program are taxed, no matter which option is chosen.
- *The retiree may elect one or any combination of the options listed above.
- *The retiree must also decide the amount of money to be allocated to each option chosen.
- *If the retiree chooses to allocate their benefit to a flexible spending account, then any unused funds remaining in the designated account after the conclusion of the calendar year will be forfeited.
- *The Retiree's election under this program is limited to a one-time payout and is irrevocable.

Calculation Formula: To determine the amount of benefit for an eligible retiree, the State Personnel Department must comply with the leave valuation established by 31 IAC 4-4-1 of the Final Rules. Keep in mind that the amount of benefit established by 31 IAC 4-4-1 is only for leave amounts in excess of the two hundred twenty-five hours (225) of vacation leave that may be paid to employees. The benefit also includes any sick and personal leave balances.

The value varies dependent upon the years of creditable service. For leave balances remaining after the two hundred twenty-five hours (225) of vacation leave outlined above, calculations are performed as follows:

1. The retiree's regular biweekly salary divided by 75.
2. Multiply the quotient from #1 by the number of hours of remaining vacation, sick and personal leave.
3. Multiply the quotient from #2 by:
 - Twenty percent (20%) for an eligible retiree with at least ten (10) years but less than fifteen (15) years of creditable service.
 - Thirty-five percent (35%) for an eligible retiree with at least fifteen (15) years but less than twenty (20) years of creditable service.
 - Fifty percent (50%) for an eligible retiree with at least twenty (20) years of creditable service.

The maximum amount of benefit allowed by 31 IAC 4-4-2 is five thousand dollars (\$5,000.00). The determined benefit, up to the maximum allowed (\$5,000.00), will be issued to the retiree.

Payment of Early Retiree Medical Insurance Premiums: 31 IAC 4-5-3 establishes criteria for the early retiree insurance option (#1 above). In order to select this option, the early retiree must:

1. Meet the additional criteria of the **Early Retiree Insurance Program**;
2. Must have retired from the State of Indiana and begun receiving retirement benefits from the Public Employees' Retirement Fund (PERF) or the Teachers' Retirement Fund (TRF); and
3. Notify the State Personnel Department in writing within ninety (90) days after retirement of their intent to participate in the Early Retiree Insurance Program.

An eligible retiree participating in this program may elect to have single or family coverage. The eligible retiree will pay 100% of the employer's and employee's premium for an active employee with that same coverage (single or family).

Benefits under the RFSP will terminate for the eligible retiree as established by 31 IAC 4-6-1. A retiree's eligibility to use the flexible spending account dollars to pay health insurance premiums ends on the earliest of:

1. The date the retiree becomes eligible for Medicare coverage.
2. The date the flexible spending account is exhausted.
3. The date the retiree is again employed on a full-time basis by a public employer or state educational institution.
4. The end of the plan year.

The eligibility of the retiree's covered spouse ends on the earliest of:

1. The date the spouse becomes eligible for Medicare coverage.
2. The date the retiree's flexible spending account is exhausted.
3. The date the retiree is again employed on a full-time basis by a public employer or state educational institution.
4. The date the spouse of a deceased retiree remarries.
5. The end of the plan year.

If funds in the RFSP account are exhausted prior to the end of the plan year or if the plan year has ended, the retiree may continue coverage by paying the required premium.

DEATH BENEFITS: If an employee dies while employed by a state agency, then:

- The beneficiary designated by the employee under the state's group term life insurance policy; or
- If the employee does not have a beneficiary designated under the state's group term life insurance policy, then the employee's estate;

- shall be paid an amount that would have been deposited under this article if the employee had retired effective the day the employee died.
- If an eligible retiree dies before January 1 of the calendar year succeeding the calendar year in which the eligible employee retired, the employee's surviving dependents may make the election under 31 IAC 4-5.
- In the event either the retiree or the retiree's spouse dies during the plan year, the survivor may make a new election.
In the event neither the retiree nor the retiree's spouse survives throughout the plan year, any surviving dependents may make a new election.

NOTE: The provisions of this section, 31 IAC 4-8-1, are subject to any restrictions imposed by the Internal Revenue Service.

VI. HOW DO I APPLY FOR THESE PROGRAMS?

* **COBRA:** The State Personnel Department generates COBRA offers for employees and/or dependents. Questions on COBRA offers should be directed to the Benefits Hotline at 317-232-1167 within the 317 area code or toll free at 877-248-0007 outside the 317 area code.

* **Early Retiree Insurance:** Packets are generated by the State Personnel Department after the final check has been issued. Terminating employees meeting the qualifications of the Early Retiree Insurance Program are forwarded an application, which must be returned to the State Personnel Department no later than 90 days from the date of retirement. If the packet is not received within two (2) weeks after the final check, please call the Benefits Hotline at 317-232-1167 within the 317 area code or toll free at 877-248-0007 outside the 317 area code.

* **Conversion/Election to Transfer Life Insurance Coverage:** Forms are provided by the State Personnel Department and are also located at www.employeebenefits.aul.com.

Important Note: It is the employee's responsibility to complete and return the necessary application and forms to AUL within the required timeframe before any request for coverage can be reviewed or approved. Insured dependents may be eligible to apply for conversion and these forms are also located at www.employeebenefits.aul.com.

VII. ADDITIONAL COVERAGE:

The following information may assist in your search for benefit programs following COBRA, or when Medicare eligibility ends your Early Retiree Insurance Program participation:

Indiana Comprehensive Health Insurance Association (ICHIA): For information call 1-800-552-7921.

Coverage with a Health Maintenance Organization (HMO): Employees and dependents under age 65 may have the option to convert their coverage to a non-group policy following the maximum period allowed under COBRA. You must contact the HMO directly to request this coverage and obtain the applicable rates.

Some of the HMOs do not offer coverage to individuals over age 65. You should contact your HMO well in advance of retirement in the event you need to change carriers during an open enrollment prior to retirement to a plan that offers an over age 65 plan.

Retired Indiana Public Employees Association (RIPEA): Members may obtain under age 65 coverage and Medicare supplements. These plans are available for either retiree or spouse if they are members of RIPEA. Premiums for these plans may be deducted from your PERF check. Information may be obtained by calling 1-800-345-9214 or (317) 789-0244.

American Association of Retired Persons (AARP): For information on indemnity plans or Hospital Advantage plans, call 1-888-687-2277. Plans are available for individuals age 50 and over.

Social Security Administration/Medicare: For assistance call 1-800-772-1213.

Should you have questions you may contact the Employee Benefit Division at:

State Personnel Department
Benefits Division
Phone: (317) 232-1167
Toll Free: (877) 248-0007
Fax: (317) 232-3011
Benefits Website: www.in.gov/spd/benefits

STATE OF INDIANA ~ 2010 MONTHLY PLAN RATES

PLAN	PHONE	COVERAGE	EARLY RETIREE	COBRA
Consumer Driven Health Plan 1 Anthem Insurance Companies, Inc. State of Indiana Operations Unit PO Box 390 Indianapolis, IN 46206-0390	1-877-814-9709	Single Family Single Family	\$299.74 \$886.69 <i>w/non-tobacco incentive:</i> \$278.07 \$865.02	\$305.73 \$904.42 <i>w/non-tobacco incentive:</i> \$283.63 \$882.32
Consumer Driven Health Plan 2 Anthem Insurance Companies, Inc. State of Indiana Operations Unit PO Box 390 Indianapolis, IN 46206-0390	1-877-814-9709	Single Family Single Family	\$391.00 \$1,085.98 <i>w/non-tobacco incentive:</i> \$369.33 \$1,064.31	\$398.82 \$1,107.70 <i>w/non-tobacco incentive:</i> \$376.72 \$1,085.60
Traditional PPO Anthem Insurance Companies, Inc. State of Indiana Operations Unit PO Box 390 Indianapolis, IN 46206-0390	1-877-814-9709	Single Family Single Family	\$580.28 \$1,595.06 <i>w/non-tobacco incentive:</i> \$558.61 \$1,573.39	\$591.88 \$1,626.96 <i>w/non-tobacco incentive:</i> \$569.78 \$1,604.86
Welborn Health Plans Attn: Enrollment Department 101 S. E. Third St Evansville, IN 47708	1-800-521-0265	Single Family Single Family	\$519.46 \$1,395.46 <i>w/non-tobacco incentive:</i> \$497.79 \$1,373.80	\$529.85 \$1,423.37 <i>w/non-tobacco incentive:</i> \$507.75 \$1,401.28
Delta Dental ~ PO Box 30416 Lansing, MI 48909-7916	1-800-524-0149	Single Family	\$22.05 \$58.06	\$22.49 \$59.22
Anthem Blue View Vision Select Anthem Insurance Companies, Inc. State of Indiana Operations Unit PO Box 390 Indianapolis, IN 46206-0390	1-877-814-9709	Single Family	\$3.55 \$9.01	\$3.62 \$9.19
Key Benefit Administrators, Inc. P. O. Box 55210 Indianapolis, IN 46205-0210	1-800-558-5553	Flexible Spending Accounts Medical and Dependent Care		
Medicare Complementary Program Anthem Insurance	1-877-814-9709	Without RX coverage: \$287.50 With RX coverage: \$1,016.05		